

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA****DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch****RESOLUTION W-4958  
November 14, 2013****RESOLUTION**

**(RES. W-4958) DEL ORO WATER COMPANY, JOHNSON PARK DISTRICT, ORDER AUTHORIZING AN INTERIM GENERAL RATE INCREASE, SUBJECT TO REFUND, OF \$90,035, OR 45%, FOR TEST YEAR 2013.**

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**SUMMARY**

Del Oro Water Company filed Advice Letter 331 on April 19, 2012, requesting authority under Section VI of General Order 96-B and Section 454 of the Public Utilities Code to increase rates for water service in its Johnson Park District to produce additional revenues of \$109,105 or 55.1% above current revenues in Test Year 2012 to recover increased expenses and earn an adequate return on investment.

This resolution grants an interim general rate increase, subject to refund, of \$90,035 or 45% and a 10.80% rate of return for Test Year 2013.

This resolution also addresses issues of concern to the Division of Water and Audits with respect to Del Oro Water Company's affiliate transactions. As discussed in Resolution W-4954 for Del Oro Water Company's California Pines District, Del Oro Water Company is directed to file an application for review of its general office, affiliate transactions and non-tariffed goods and services. Consistent with that resolution the rates adopted in this resolution are interim rates subject to refund based on the findings of that application.

**BACKGROUND**

The last general rate case (GRC) for Del Oro Water Company's (DOWC) Johnson Park District (Johnson Park) was granted on November 6, 2008 pursuant to Resolution (Res.) W-4710, which authorized a 162% increase in revenue to be phased in over three years from 2008 to 2010, with an initial revenue increase of \$85,701 in 2008, an additional escalation of \$36,400 in 2009 and an additional escalation of \$36,400 in 2010. At the time, to reduce rate shock, DOWC accepted a reduced rate of return (ROR) of 9.8% for a total revenue increase of \$158,501.

The present rates became effective on April 19, 2012, by approval of Advice Letter (AL) 330, which authorized an interim rate increase of 3.0%, subject to refund if the rates established in this GRC do not increase by at least 3%.

DOWC is a Class B multi-district water utility providing water service to 17 districts throughout the state. Its main office is located in Chico, California. Johnson Park provides service to 297 customers in unincorporated Shasta County near the city of Burney. The Johnson Park system consists of two wells, three steel pressure/storage tanks and an accompanying distribution system. The distribution system consists of 39,410 feet of mains ranging in size from 2 to 8-inches in diameter.

## **NOTICE AND PROTESTS**

Notice of the public meeting and proposed rate increase was mailed to Johnson Park customers on April 25, 2012. The Division of Water and Audits (Division) in cooperation with DOWC conducted a public meeting on June 21, 2012 at 6:30 PM at the Burney Fire Protection District office approximately three miles south of the community of Johnson Park, with 37 customers in attendance. The Division and DOWC have received three protest letters regarding the amount of the rate increase.

## **DISCUSSION**

In reviewing Johnson Park's rate increase request, the Division made an independent analysis of the utility's operations. Appendix A of this resolution shows Johnson Park's and the Division's estimates of operating revenues, expenses and rate base. Appendix A also shows differences in Johnson Park's and the Division's estimates in operating revenues, expenses, and rate base which are discussed below. Johnson Park was informed of the Division's differing views of revenues, expenses and rate base and agrees with the Division's recommended revenue requirement in Appendix A, as well as the recommended rates contained in Appendix B.

The Utility Audit, Finance and Compliance Branch (UAFCB)<sup>1</sup> reviewed the Johnson Park request for an interim rate increase. UAFCB determined that Johnson Park a) generated positive net income in 2009 and 2010, b) recently received a Consumer Price Index increase c) has an adequate current ratio of assets to liability, d) a minimal negative working capital; and e) a positive cash flow from operating activities in 2012; UAFCB recommended no interim increase be granted to DOWC for Johnson Park beyond the 3.0% increase provided by AL 330.

As the first half of 2013 has elapsed, this resolution grants Johnson Park a 2013 TY by escalating Division estimated 2012 expenses by factors provided by the Division of Ratepayer Advocates (DRA) in their memorandum dated June 28, 2013. The ratebase and the adopted quantities contained in Appendix C are also updated to reflect TY 2013.

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<sup>1</sup> UAFCB investigates the necessity for cash flow increases in accordance with Res. W-4658.

## **Expenses**

The Division reviewed operating expenses, including purchased power, employee labor, materials, plant maintenance, office salaries, office services and rentals, office supplies and expenses, professional services, insurance, regulatory and general expenses, depreciation, and property taxes. The Division verified the operating expenses by reviewing supporting documents for substantiation and accuracy and included the amounts that were verifiable and deemed reasonable for ratemaking purposes

## **Allocation of Corporate Expenses**

DOWC proportionally allocates the following expenses for its corporate operations among its 17 districts, based on the percentage of customers in each district relative to the total number of customers in all of its districts:

- Management, superintendent, and office salaries and benefits;
- Office rental and supplies;
- Professional services; and
- Property insurance.

DOWC has approximately 8,081 total customers in its 17 districts, and 297, or 3.70%, of these customers are in Johnson Park. Based on this percentage, DOWC allocates 3.70% of its shared expenses to Johnson Park. The Division finds the cost allocation proposed by DOWC for Johnson Park reasonable for ratemaking purposes. The Division reviewed DOWC's proposed operating expenses and recommends the following adjustments.

Johnson Park's request included the salaries of two un-filled positions; an engineer and a public relations position. The Division denies funding for these un-filled positions since it is inappropriate for DOWC to collect funds that are not needed for its payroll.

The expenses requested for employee, superintendent, and office salaries range from 5% to 10.3% greater than the recorded payroll costs; the Division used 2012 recorded costs since recorded costs better reflect ongoing costs for this expense.

DOWC requested a 4% cost of living adjustment for the following expense categories: other volume related expenses, materials, contract work, other plant maintenance and general expense. The Division of Ratepayer Advocates (DRA) memo dated June 28, 2013 specifies for 2012 an escalation of 2.1% for labor accounts and 0.8% for non-labor accounts. The Division therefore adjusted the expenses in the five categories to match the cost of living adjustments recommended by DRA. The Division used the 2012

recorded costs to determine Johnson Park's expenses for health and dental costs, escalated for TY 2013.

### **Affiliate Transactions**

Resolution W- 4954, which provided a rate increase for DOWC's California Pines District (California Pines), discussed DOWC's non-compliance with the affiliate transaction requirements adopted in Decision (D.) 10-10-019. DOWC operates under a parent company structure. Utility Management Services (UMS) is DOWC's parent company. The Safor Corporation (Safor), a real estate holding company is another affiliate owned by UMS; DOWC leases and shares office space in a building owned by Safor. UMS has no employees of its own; Safor and UMS utilize DOWC personal and assets to fulfill management, office, accounting and financial duties.

In its GRC request for California Pines, DOWC did not include an apportionment for the salaries of office staff that provided services to DOWC affiliates, nor had they filed the required affiliate transaction report by the March 31, 2012 deadline. DOWC subsequently provided an apportionment for resources shared with their affiliates, and filed their affiliate transaction report on April 2, 2013. The report states that 2.88% of management employee time is spent on affiliate related work. The Division utilizes this apportionment for office staff provided by DOWC to make its salary estimates for TY 2013.

As discussed in Res. W-4954, we directed DOWC to file an application for review of its general office, affiliate transactions and non-tariffed goods and services within 60 days of the effective date of Res. W-4954. Furthermore, we directed that the rates in any future general rate case, including this general rate case for Del Oro's Johnson Park District, will be considered "interim rates" and subject to refund based on the findings of the application. Accordingly, the rates authorized in this resolution are considered interim rates subject to refund based on the findings of the application addressing affiliated interests.

### **Rate Base**

In September 2011 DOWC completed a mainline improvement project along a portion of Highway 299, Sonoma Street, Whaley Street and Stoneage Street in the southern portion of the Johnson Park community. The project consisted of replacing old pipe prone to leaks with new and larger pipes. DOWC submitted invoices totaling \$146,948 for the permitting, design and construction of the project. Customers were notified in January 2011, and Engineering was completed in June 2011. The project included:

- Replacement of 1,940 linear feet of old and leaking mainline.
- Replacement of 763 feet of old service lines.
- Installation of 8 mainline valves in order to isolate areas of the system.

- Installation of two blow-off valves to help regulate system pressure.

The Division reviewed the expenses listed above and confirmed the scope and necessity of the project and verified that the plant additions were prudent and necessary to replace old and worn equipment.

### **Rate of Return**

DOWC has requested a 10.80% ROR for TY 2012. The Division's March 6, 2012 Memorandum provides guidance for determining an appropriate ROR for utilities by providing a range of ROR's centered on the average rate allowed by the Commission. The Memorandum<sup>2</sup> gives an average ROR of 10.1% for a class B utility. Based upon the 10.8% ROR granted by the Commission in two recent DOWC Resolutions, the Division recommends a ROR of 10.8%.<sup>3</sup>

### **Revenues and Rate Design**

Based on the adjusted operating expenses the Division recommends that DOWC be granted an increase in revenue of \$90,035 or 45% for test year 2013, which provides a ROR of 10.8% at the Division's proposed rates.

Johnson Park's interim rates became effective on April 19, 2012, by approval of AL 330, which authorized an interim rate increase of 3.0%, subject to refund if the rates established in this GRC are lower than the interim rates. The rates authorized by this Resolution are higher than the interim rates; therefore, Johnson Park should be allowed to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates.

Previous rate design by the Division allowed Johnson Park to collect 65% of their fixed costs in its monthly service fee; 65% is allowed for a class C utility. However, since DOWC is a class B utility, the Division has adjusted the rate design to provide recovery of 50% of the fixed costs through the monthly service fee.

Johnson Park's rate structure consists of one schedule: JP-1A, Annual General Metered Service. At the Division's recommended rates shown in Appendix B, the bill for a 5/8 x 3/4-inch metered residential customer using the system average of 10 ccf, or hundred cubic feet), would increase from \$ 53.38 to \$75.36 or 41%.

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<sup>2</sup> March 6, 2012 Memorandum, "Rates of Return and Rates of Margin for class C and D Water Utilities."

<sup>3</sup> Res. W-4939 Metropolitan District and Res. W-4954 California Pines District.

## **COMPLIANCE**

DOWC has no outstanding compliance orders and the utility has been filing annual reports as required. DOWC has submitted an Affiliate Transaction Report for 2011 as required by D. 10-10-019.

The Department of Public Health reports that there is no water quality or testing issues with Johnson Park.

## **COMMENTS**

Public Utilities Code Section 311(g) (1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Accordingly, this draft resolution was mailed to all parties and made available for public comment on October 11, 2013. No comments were received.

## **FINDINGS**

1. Del Oro Water Company (DOWC) filed Advice Letter (AL) 331 on April 19, 2012, requesting authority under Section VI of General Order 96-B and Section 454 of the Public Utilities Code to increase rates for water service in its Johnson Park District (Johnson Park) to produce additional revenues of \$109,105 or 55.1% in Test Year (TY) 2012 to recover increased expenses and earn an adequate return on investment.
2. This resolution grants a general rate increase of \$90,035 or 45% and a 10.80% rate of return for TY 2013.
3. The last general rate case for Johnson Park was granted on November 6, 2008 pursuant to Resolution (Res.) W-4710.
4. The present rates became effective on April 19, 2012, by approval of AL 330, which authorized an interim rate increase of 3.0%, subject to refund.
5. DOWC is a Class B multi-district water utility providing water service to 17 districts throughout the state.
6. The Johnson Park system consists of two wells, three steel pressure/storage tanks and an accompanying distribution system.
7. Notice of the public meeting and proposed rate increase was mailed to Johnson Park customers on April 25, 2012.

8. The Division of Water and Audits (Division) and DOWC have received three protest letters regarding the amount of the rate increase.
9. The Division made an independent analysis of the utility's operations.
10. DOWC was informed of the Division's differing views of revenues, expenses and rate base and agrees with the Division's recommended revenue requirement in Appendix A, as well as the recommended rates contained in Appendix B.
11. The Utility Audit, Finance and Compliance Branch (UAFCB) reviewed the Johnson Park request for an interim rate increase.
12. The UAFCB recommended no interim increase be granted to DOWC for Johnson Park beyond the 3.0% increase provided by AL 330.
13. As the first half of 2013 has elapsed, this resolution grants Johnson Park a 2013 TY.
14. The Division estimated 2012 expenses are escalated by factors provided by the Division of Ratepayer Advocates (DRA) in their memorandum dated June 28, 2013.
15. The ratebase and the adopted quantities contained in Appendix C are also updated to reflect TY 2013.
16. The Division verified the operating expenses by reviewing supporting documents for substantiation and accuracy and included the amounts that were verifiable and deemed reasonable for ratemaking purposes.
17. DOWC proportionally allocates the following expenses for its corporate operations among its 17 districts, based on the percentage of customers in each district relative to the total number of customers in all of its districts.
18. DOWC has approximately 8,081 total customers in its 17 districts, and 297, or 3.70%, of these customers are in Johnson Park.
19. Based on this percentage, DOWC allocates 3.70% of its shared expenses to Johnson Park.
20. Consistent with its Affiliated Transaction Report, DOWC allocates 2.88% of management salaries to affiliated costs and therefore these costs are not included in adopted rates.

21. Pending the findings of the application ordered in Res. W-4954, rates authorized in this resolution should be considered interim rates subject to refund.
22. Johnson Park's request included the salaries of two un-filled positions; an engineer and a public relations position.
23. The Division denies funding for these un-filled positions since it is inappropriate for DOWC to collect funds that are not needed for its payroll.
24. The expenses requested for employee, superintendent, and office salaries range from 5% to 10.3% greater than the recorded payroll costs; the Division used 2012 recorded costs since recorded costs better reflect ongoing costs for this expense.
25. DRA memo dated June 28, 2013 specifies, for 2012, an escalation of 2.1% for labor accounts and 0.8% for non-labor accounts.
26. The Division used the 2012 recorded costs to determine Johnson Park's expenses for health and dental costs, escalated for TY 2013.
27. The Division utilizes the apportionment for office staff provided by DOWC to make its salary estimates for TY 2013.
28. In September 2011 DOWC completed a mainline improvement project along a portion of Highway 299, Sonoma Street, Whaley Street and Stoneage Street in the southern portion of the Johnson Park community.
29. The Division reviewed the expenses for this project and confirmed the scope and necessity of the project and verified that the plant additions were prudent and necessary to replace old and worn equipment.
30. DOWC has requested a 10.80% rate of return (ROR) for TY 2012.
31. Based upon the 10.8% ROR granted by the Commission in two recent DOWC Resolutions, the Division recommends a ROR of 10.8%.
32. The Division recommends that DOWC be granted an increase in revenue of \$90,035 or 45% for test year 2013, which provides a ROR of 10.8% at the Division's proposed rates.
33. Johnson Park's interim rates became effective on April 19, 2012, by approval of AL 330, which authorized an interim rate increase of 3.0%, subject to refund if the rates established in this GRC are lower than the interim rates.



34. Previous rate design by the Division allowed Johnson Park to collect 65% of their fixed costs in its monthly service fee; 65% is allowed for a class C utility.
35. Since DOWC is a class B utility, the Division has adjusted the rate design to provide recovery of 50% of the fixed costs through the monthly service fee.
36. Johnson Park's rate structure consists of one schedule: JP-1A, Annual General Metered Service.
37. At the Division's recommended rates shown in Appendix B, the bill for a 5/8 x 3/4-inch metered residential customer using the system average of 10 ccf would increase from \$ 53.38 to \$ 75.36 or 41 %.
38. DOWC should be allowed to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates.
39. The Division's recommended Summary of Earnings shown in Appendix A is reasonable and should be adopted.
40. The rates recommended by the Division in Appendix B are reasonable and should be adopted.
41. The quantities in Appendix C used to develop the Divisions recommendations are reasonable and should be adopted.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 to Del Oro Water Company, Johnson Park District, to file a supplemental advice letter with the revised rate schedule attached to this Resolution as Appendix B, and concurrently cancel its presently effective rate Schedule No. JP-1A, Annual General Metered Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Del Oro Water Company is authorized to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from April 19, 2012, the interim rate date, to the effective date of the new rates established in this Resolution. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.
3. Rates authorized in this resolution shall be interim rates subject to the findings of the application ordered in Resolution W-4954 and subject to refund.
4. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 14, 2013; the following Commissioners voting favorably thereon:

/s/ Paul Clanon  
PAUL CLANON  
Executive Director

MICHAEL R. PEEVEY  
President  
MICHEL PETER FLORIO  
CATHERINE J.K. SANDOVAL  
MARK J. FERRON  
CARLA J. PETERMAN  
Commissioners

		APPENDIX A				
		DOWC Johnson Park District				
		Summary Of Earnings				
		Test Year 2013				
		DOWC		DWA		DWA
		Present	Requested	Present	Requested	Recommended
		Rates	Rates	Rates	Rates	Rates
<b>Operating Revenues</b>						
	Unmetered	\$197,893	\$307,021	\$197,965	\$279,100	\$288,000
<b>Total Revenue</b>		<b>\$197,893</b>	<b>\$307,021</b>	<b>\$197,965</b>	<b>\$279,100</b>	<b>\$288,000</b>
<b>Operating Expenses</b>						
	610 Purchased Water					
	615 Purchased Power	\$18,790	\$18,790	\$18,790	\$18,790	\$18,790
	618 Other Volume Related Expenses	\$443	\$443	\$432	\$432	\$432
	630 Employee Labor	\$21,338	\$21,338	\$21,973	\$21,973	\$21,973
	640 Materials	\$4,283	\$4,283	\$4,184	\$4,184	\$4,184
	650 Contract Work	\$782	\$782	\$781	\$781	\$781
	660 Transportation Expenses	\$7,536	\$7,536	\$7,596	\$7,596	\$7,596
	664 Other Plant Maintenance	\$2,190	\$2,190	\$876	\$876	\$876
	670 Office Salaries	\$25,056	\$25,056	\$18,402	\$18,402	\$18,402
	671 Management Salaries	\$4,735	\$4,735	\$4,663	\$4,663	\$4,663
	674 Employee Pensions and Benefits	\$17,438	\$17,438	\$15,372	\$15,372	\$15,372
	676 Uncollectable Accounts	\$393	\$393	\$393	\$393	\$393
	678 Office Services and Rentals	\$4,110	\$4,110	\$4,143	\$4,143	\$4,143
	681 Office Supplies and Expenses	\$10,637	\$10,637	\$10,722	\$10,722	\$10,722
	682 Professional Services	\$709	\$709	\$715	\$715	\$715
	684 Insurance	\$2,690	\$2,690	\$2,712	\$2,712	\$2,712
	688 Regulatory Commission Expense	\$100	\$100	\$100	\$100	\$100
	689 General Expense	\$2,851	\$2,851	\$2,786	\$2,786	\$2,786
<b>Subtotal</b>		<b>\$124,081</b>	<b>\$124,081</b>	<b>\$114,640</b>	<b>\$114,640</b>	<b>\$114,640</b>
	403 Depreciation	\$28,176	\$28,176	\$27,938	\$27,938	\$27,938
	408 Taxes Other Than Income	\$13,905	\$13,905	\$10,859	\$10,859	\$10,859
	409 State Income Taxes	\$2,805	\$12,452	\$5,087	\$11,895	\$11,895
	410 Federal Income Taxes	\$4,760	\$33,329	\$8,114	\$31,090	\$31,090
<b>Total Deductions</b>		<b>\$173,727</b>	<b>\$211,943</b>	<b>\$166,638</b>	<b>\$196,423</b>	<b>\$196,423</b>
<b>Net Revenue</b>		<b>\$24,166</b>	<b>\$95,078</b>	<b>\$31,327</b>	<b>\$82,677</b>	<b>\$91,577</b>
<b>Rate Base</b>						
	Average Plant	\$1,038,618	\$1,038,618	\$1,038,618	\$1,038,618	\$1,038,618
	Average Dep. Reserve	\$128,528	\$128,528	\$157,950	\$157,950	\$157,950
<b>Net Plant</b>		<b>\$910,090</b>	<b>\$910,090</b>	<b>\$880,668</b>	<b>\$880,668</b>	<b>\$880,668</b>
<b>Less:</b>						
	Advances	\$0	\$0	\$0	\$0	\$0
	Contributions in Aid of Construction	\$40,292	\$40,292	\$39,074	\$39,074	\$39,074
	Deferred Income Tax	\$0	\$0	\$0	\$0	\$0
<b>Plus:</b>						
	Construction Work in Progress	\$0	\$0	\$0	\$0	\$0
	Working Cash	\$10,340	\$10,340	\$6,066	\$6,066	\$6,066
	Materials and Supplies	\$0	\$0	\$0	\$0	\$0
<b>Rate Base</b>		<b>\$880,138</b>	<b>\$880,138</b>	<b>\$847,660</b>	<b>\$847,660</b>	<b>\$847,660</b>
<b>Rate of Return</b>		<b>2.75%</b>	<b>10.80%</b>	<b>3.70%</b>	<b>9.75%</b>	<b>10.80%</b>

APPENDIX B

Del Oro Water Company  
Johnson Park District  
Schedule No. JP-1 A

MONTHLY METERED SERVICE  
Test Year 2013

APPLICABILITY

Applicable to all metered water service furnished to the Johnson Park District service area.

TERRITORY

Johnson Park and vicinity, Shasta County.

RATES

Quantity Rate:			(D)
For all water, per 100 cu. ft.	.....	\$ 4.60	(I)
Service Charge:			
		<u>Per Meter Per Month</u>	
For	5/8 x 3/4-inch meter .....	\$29.35	(I)
For	3/4-inch meter .....	\$ 44.02	(I)
For	1-inch meter .....	\$ 73.37	(I)
For	1-1/2 inch meter .....	\$146.74	(I)
For	2-inch meter .....	\$234.79	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

(continued)

## APPENDIX B

### Del Oro Water Company Johnson Park District

#### COMPARISON OF RATES TEST YEAR 2013

Tariff Description	Tariff Rates		Recommended Increase	
	Current	Recommended	Dollars	Percentage
<b>Service Charge:</b>				
5/8 x 3/4-inch meter	\$25.98	\$25.98	\$3.37	13%
3/4-inch meter	\$38.96	\$38.96	\$5.06	13%
1-inch meter	\$64.99	\$64.99	\$8.38	13%
1 1/2-inch meter	\$129.97	\$129.97	\$16.77	13%
2-inch meter	\$207.93	\$207.93	\$26.86	13%
<b>Quantity Charge:</b>				
All use per 100 cubic feet	\$2.74	\$4.60	\$1.86	68%

A monthly bill comparison for a customer with 5/8 x 3/4-inch meter is shown below:

Usage 100 cu. Ft.	Tariff Rates		Recommended Increase	
	Present	Recommended	Dollars	Percentage
0	\$25.98	\$29.35	\$3.37	13%
5	\$39.68	\$52.35	\$12.67	32%
10	\$53.38	\$75.36	\$21.98	41%
15	\$67.08	\$98.36	\$31.28	47%
20	\$80.78	\$121.37	\$40.59	51%

END OF APPENDIX B

## APPENDIX C

### Del Oro Water Company Johnson Park District

#### ADOPTED QUANTITIES TEST YEAR 2013

1	Purchased Power	\$18,790
2	KWh	93,314
3	Uncollectible	\$393
4	Taxes other than Income	\$10,859

#### Service Connections

Meter Size	Average Number of Customers
5/8 x 3/4-inch	287
3/4-inch	2
1-inch	4
1 1/2-inch	4

Water Sales: 38,100 Ccf

#### Tax Calculation:

Line No.	Item	State Tax	Federal Tax
1	Operating Revenue	\$288,000	
2	O&M Expenses	\$114,640	
3	Taxes Other Than Income	\$10,859	
4	Depreciation	\$27,938	
5	Interest Expense	\$0	
6	Taxable Income for State Tax	\$134,563	
7	State Tax	\$11,895	
8	Taxable Income for FIT		\$122,662
9	Federal Income Tax		\$31,090
10	Total Income Tax		\$42,986

END OF APPENDIX C

**CERTIFICATE OF SERVICE**

**I certify that I have by either electronic mail or postal mail this day served a true copy of Final Resolution No. W-4958 on all parties in these filings or their attorneys as shown on the attached list.**

**Dated November 15, 2013, at San Francisco, California.**

/s/ DANIEL SONG

Daniel Song

**Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.**

**Del Oro Water Company  
Johnson Park District**

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